

Paseo Chapala



BDC Paseo Chapala, LLC and the City of Santa Barbara are pleased to announce the availability of eight affordable condominiums for purchase under the City's Affordable Housing Inclusionary Program. Paseo Chapala is located across from the Paseo Nuevo Shopping Mall at the intersection of Chapala and De la Guerra Streets. These eight affordable condominiums are available to households in the "moderate" and "middle" income categories and are priced at \$219,400 to \$354,700. The units should be available for occupancy in the Spring of 2007.

KEY POINTS:

- ❖ Total household gross income cannot exceed moderate and middle income limits for the County of Santa Barbara as established by U.S. Department of Housing and Urban Development ("HUD").
- ❖ Homes are subject to the City of Santa Barbara's 45-year affordability re-sale regulations.
- ❖ Priority will be given first to qualified residential tenants and then to qualified commercial tenants who were previously displaced from the property.
- ❖ Applicant must currently live and/or work in the South Coast area of Santa Barbara County between Gaviota and Carpinteria.
- ❖ The homes must be owner-occupied full-time as your principal residence and you may not own any other residential real estate at the time of application or at any time during ownership.
- ❖ The City Community Development Director or the Director's designee may approve lottery participation to applicants who currently own a City affordable unit. Owner must demonstrate need (i.e. increase in family size) or other good cause.
- ❖ The City of Santa Barbara will pre-screen applicants and administer a lottery to determine a priority list of potential buyers who meet income criteria. Each applicant will be assigned a number as his/her name is drawn. Should the first chosen applicant not fully qualify, the applicant next in line becomes eligible to go through the full qualification process.

BUYER'S INFORMATION PACKET

This Buyer's Information Packet summarizes the affordable housing requirements for the City of Santa Barbara and includes a full copy of the Affordability Control Covenant and a Pre-Screening Application. Applications are available only at the City of Santa Barbara Housing and Redevelopment offices, located at 630 Garden Street (2nd floor). **Please do not visit the active construction site.**

Completed applications must be submitted to the City offices during their regular business hours. The deadline to submit an application is Thursday, March 15, 2007 at 4:30 PM. **Incomplete or late or applications will not be accepted.** If you have any questions regarding the Paseo Chapala project, the application process and procedures, please visit www.santabarbaraca.gov, call the City of Santa Barbara's Housing Programs Staff at 564-5461 or Bermant Homes at 964-7200.

ABOUT THE EIGHT AFFORDABLE CONDOMINIUMS

BDC Paseo Chapala, LLC is constructing eight affordable, attached condominiums for purchase by "moderate" and "middle" income buyers as part of the 29 unit Paseo Chapala project. The unit descriptions and sales prices are as follows:

- Five moderate income condominiums are priced at \$219,400. These units are approximately 990 square feet in size and have 2 bedrooms, 1.5 baths, a kitchen, living room, dining room, patio, and one dedicated parking space in the ground floor garage.
- Two middle income condominiums are priced at \$271,800. These units are approximately 860 square feet in size and have 2 bedrooms, 1.5 baths, a kitchen, living room, dining room, patio, and one dedicated parking space in the ground floor garage.
- One middle income, three-bedroom condominium is priced at \$354,700. This affordable home is 1,335 square feet in size and has 3 bedrooms, 2.5 bathrooms, a kitchen, living room, dining room, patio, and one dedicated parking spaces in the ground floor garage.

All of the affordable units are subject to requirements outlined in the Affordability Control Covenant "Grant of Preemptive Right: Resale Restriction Covenant and Option to Purchase". This forty-five (45) year Affordability Control Covenant restricts the sales prices of the homes, the maximum income levels of the families purchasing the units, clarifies participant owner's responsibilities and the future re-sale and income restrictions. The Grant of Preemptive Right gives the City the first right of refusal to purchase the unit when it is offered for sale. A full copy of this document is included in this package. **Please read it carefully.**

ABOUT THE HOMEOWNER'S ASSOCIATION

These homes, along with all homes in the project, are subject to the rules and regulations of the homeowner's association as declared in the CC&R's (Covenants, Conditions, and Restrictions), Bylaws, Articles of Incorporation, Budget, and other related association documents. A copy of the CC&R's is available in the Bermant Homes offices and at the City office on Garden Street. The current monthly dues for the homeowner's association range from \$337 and \$363 but are subject to change.

STEPS TO APPLY FOR PASEO CHAPALA

Note: Only one application per household will be accepted.

1. **Determine your income eligibility.** The City of Santa Barbara ("City") requires that these homes be sold to homebuyers whose total gross household income does not exceed moderate and middle-income limits for the County of Santa Barbara as established by HUD. Income limits for Santa Barbara County are based upon the U.S. Department of Housing and Urban Development's ("HUD") calculation of Santa Barbara County's median income. Judge your eligibility to purchase an affordable home at Paseo Chapala based on the income and annual earnings from assets for your household size shown in the tables below. If the combined gross income of all persons in your household is greater than the limits shown below, you are not eligible for these homes.

Maximum Incomes (March 2006)						
Number of Persons						
	1	2	3	4	5	6
# Bedrooms	Moderate Income					
2 bdrm units	\$ 55,320	\$ 63,120	\$ 71,040	\$ 78,960	\$ 85,320	n/a
	Middle Income					
2 bdrm units	\$ 73,760	\$ 84,160	\$ 94,720	\$ 105,280	\$ 113,760	n/a
3 bdrm unit	n/a	n/a	\$ 94,720	\$ 105,280	\$ 113,760	\$122,080

Maximum Approved Sales Prices		
Unit #	Bdrms	Maximum Price
Moderate Income Units		
26	2	\$ 219,400
27	2	\$ 219,400
28	2	\$ 219,400
29	2	\$ 219,400
30	2	\$ 219,400
Middle Income Units		
9	2	\$ 271,800
10	2	\$ 271,800
13	3	\$ 354,700

INCOME CERTIFICATION GUIDELINES

In order to be eligible to purchase an affordable home, the City must certify that the applicant meets the following criteria:

- The applicant's combined household income falls below the maximum allowable household income for the home for which the applicant may be qualified. The City will include income from all adult household members in calculating total household income.
- Applicant's monthly income shall be sufficient so that at least 28% but not more than 40% of that income will be used to pay for monthly housing expenses, including loan payments, PMI, homeowner's association fees, and taxes. The mortgage loan payment for this calculation shall be based on the fully indexed interest rate rather than an introductory or "teaser" rate.
- Income from assets (actual or computed) are included in the computation of annual income.
- Gift amount (if applicable) must NOT exceed 20% of the purchase price and must be accompanied by a "gift letter" indicating that the gift is not expected to be repaid.
- Applicants must agree to reside in the home they purchase and cannot own any other residential real estate at any time during their ownership.

Applicants must demonstrate that they have sufficient funds available to pay the lender-required down payment and other costs associated with purchasing the home (at least 5% of the purchase price).

2. **Complete and submit the attached Pre-Screening Application.** Lottery Pre-Applications are available only at the City's Housing & Redevelopment Department located at 630 Garden Street (2nd Floor) in Santa Barbara. Completed applications must be returned to the City Housing & Redevelopment offices located 630 Garden Street (2nd Floor) between 8:30AM and 4:30PM. The building is closed from 12 noon to 1:00 p.m.

The application deadline is Thursday, March 15, 2007, at 4:30 PM. Incomplete or late applications will not be accepted.

3. **Financial Pre-Qualification.** You are not required to obtain a letter confirming your ability to qualify for a bank loan to apply for the lottery. However, it is strongly recommended that you determine the amount of loan you could qualify for based on sales prices of \$219,400, \$271,800 or \$354,700 in the event you are selected at the lottery. In addition, the down payment will vary from lender to lender; however, you should anticipate a minimum down payment plus closing costs. JP Morgan Chase has approved this project. Although you are not required to work with any specific lender, you may elect to work with them in order to expedite the loan process. Contact Laurie J. Perr @ 805-585-2329 laurie.j.perr@chase.com or Ken Doss @ 805-898-4304 Ken.Doss@JPMChase.com
4. **Make sure your application is accepted and eligible for the lottery.** Complete Lottery Pre-Applications submitted on or before the Thursday, March 15, 2007 deadline will be screened by Santa Barbara Housing and Redevelopment staff to determine eligibility for the lottery. It is recommended that applications be turned in early to ensure completeness. Names of eligible lottery participants will be posted at the City Offices at 630 Garden Street office for ten (10) days following the application deadline. This ten-day period is your time to review the list to make sure that your name will be included in the lottery.
5. **Lottery.** After the ten-day posting period, the City of Santa Barbara will administer a lottery to determine a priority list of potential buyers who meet the minimum threshold criteria and are interested in buying the property. As a reminder, initial priority will be given to previously displaced residential and commercial tenants who are interested and qualify. One lottery will be held for all eight units. As applicant names are drawn, they will be numbered sequentially. Should the first chosen applicant not fully qualify (See Below), the applicant next drawn becomes eligible. This process continues until there are eight qualified purchasers.

6. **Financial Qualification.** Once the lottery has been completed, and **prior** to a Purchase and Sale Agreement being executed, the selected applicants will be required to submit within two weeks additional income documentation to the City for analysis. After full approval by the City, applicants are required to meet with the Builder, select their unit and complete the Builder's Purchase Agreement and Joint Escrow Instructions along with all related documents and disclosures. Buyers must close escrow within thirty (30) days of execution of the Purchase Contract and Joint Escrow Instructions, subject to unit completion. If the Buyer fails to close escrow within thirty (30) days, subject to unit completion, the Builder reserves the right to offer the home to the next qualified applicant.

PROCEDURES FOR REVIEWING APPLICATIONS FOR LOTTERY

- Applicant completes and submits application and all relevant attachments to the City's Housing and Redevelopment office located at 630 Garden Street (2nd Floor) in Santa Barbara prior to deadline. Applicant receives a numbered receipt as proof of delivery.
- **Incomplete applications will not be accepted.** It is recommended that applications be turned in early to ensure completeness.
- Once the City staff receives a complete application, including all required supporting documentation, the application will be reviewed. All determinations remain subject to third-party verification and review of final loan documents.
- Income certifications are valid for a 90-day time period. If an applicant has not purchased a home within this time period, a new application and updated financial records will be required.

APPEAL PROCEDURES

Applicants may file an appeal to a denial of income certification to the Affordable Housing Program Specialist. The City will consider appeals to denials when Housing and Redevelopment's calculation of income is in question. Appeals must be in writing, and include a demonstration of miscalculations made by Housing and Redevelopment when calculating an applicant's income. Denied applicants must send a written appeal to the City within ten (10) business days of the date of denial from Housing and Redevelopment.

DETERMINATION OF INCOME

The determination of income is not solely based on last year's gross income, or the average of more than one prior year's income, but also on realistic projections of the annual household income potential.

Housing and Redevelopment reserves the right to average prior year incomes as necessary to project income for self-employed people, and to project income based upon earning potential rather than just past income. Housing and Redevelopment staff will make its final decision based on existing policies and practices.

Income Inclusions

- The gross amount (before any payroll deductions) of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services; however, only that portion of overtime pay, commission, and bonuses that are likely to continue for at least the coming year will be included.
- The net income from the operation of a business, profession or active farming. Allowance for depreciation of capital assets shall not be deducted to determine the net income from a

business. Housing and Redevelopment reserves the right to review additional business expenses and to exclude any that are not likely to continue or are unnecessary.

- Interest, dividends and other net income of any kind from real or personal property (expenditures for amortization of capital indebtedness and an allowance for depreciation of capital assets shall not be deducted to determine the net income from real or personal property.)
- The gross amount of periodic payments received from Social Security for all household members, regardless of age.
- The gross amount of periodic payments from annuities, insurance policies, retirement funds (not used for down payment), pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment, workers' compensation and severance pay.
- Periodic allowances such as alimony and separate maintenance, child support payments received, housing allowances received and regular contributions or gifts received from persons not residing in the dwelling.
- That portion of scholarships provided for general living expenses, transportation and miscellaneous personal expenses.

Income Exclusions

- Casual, sporadic or irregular gifts.
- Amounts that are expended and designated for large and continuing medical expenses and amounts that are specifically for or in reimbursement of the cost of medical expenses.
- Lump-sum additions to Family Assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses.
- That portion of scholarships that are provided for tuition, fees, books, equipment, materials, and supplies.
- Earned Income from the employment of children under the age of 18.
- Payments received for the care of foster children.
- The value of the allotment provided to an eligible household for coupons under the Food Stamp Act of 1977.
- The income of a live-in aide, defined as a person who resides with an elderly, disabled, or handicapped person and is determined to be essential to the care and well-being of the person is not obligated to support the person, and would not be living in the home except to provide supportive service.

DETERMINATION OF ASSETS

Household assets shall be defined in the manner by which HUD determines assets for the purposes of attribution of income. (See 24 CFR 5.609) In general terms, assets are cash or non-cash items

that can be converted to cash. Income may be imputed based upon value. Examples of asset inclusions follow:

Asset Inclusions

Income from assets are included in the computation of annual income.

\$5,000 or less: actual income from assets (e.g. interest on a checking account) is counted as annual income.

More than \$5,000: Income is computed as the greater of actual income from assets or imputed income from assets based on a passbook rate.

If a household disposes of assets for less than fair market value, the value of the disposed asset (market value less value received) must be counted for two years.

Asset Exclusions

- Assets not accessible to the household that do not provide any income for the family.
- Assets that are a part of an active business or farming operation.

HOUSEHOLD SIZE

Generally, the maximum occupancy limit is equal to twice the number of bedrooms in the home plus one person. Buyers of the 3-bedroom home must have 3 or more persons in their household. A “household” is two or more persons who will live regularly in the unit as their primary residence and who are related by blood, marriage, law, or who have otherwise evidenced a stable inter-dependent relationship, or an individual.

ADDITIONAL INFORMATION

1. Representatives of Paseo Chapala LLC (“Developer”) and the City of Santa Barbara (“City”) shall not restrict applicants on the basis of race or color, national origin, source of income, sexual orientation, HIV status, religion, gender, familial status or handicap.
2. City of Santa Barbara will provide a dated receipt to each applicant who has returned a completed application with required attachments. City will require additional information from applicants after conducting the lottery.
3. City shall accept applications for the lottery for 30 days. All names in the lottery will be drawn and assigned a lottery number.
4. Within 10 days of closure of the application period, the City will conduct the lottery. The City reserves the right to delay the lottery if necessary due to volume of applicants.
5. Applicants, who have been selected through the lottery and who have had their additional income materials documented and approved by the City will be provided with a guided visit to the project site by the developer. The tour will occur on the site and will include a description of the HOA requirements and other features of the project.
6. City will refer approved applicants to Developer to choose a home, execute purchase contract/documentation, open escrow and secure final loan approval. City will participate in the escrow process, approve and supply required documentation. Prior to the close of escrow, City will compare the Buyer’s Pre-Screening Applications with final loan documents

for consistency. Escrow instructions shall require City's final approval of escrow, loan and settlement documents.

EQUAL HOUSING OPPORTUNITY

Paseo Chapala LLC and the Santa Barbara City will make reasonable accommodations in rules, policies, practices or services at the request of persons with disabilities when these accommodations are reasonable and necessary to give disabled persons equal opportunity to apply for an affordable home. If you require such accommodations due to a disability, please submit a request in writing at the time you submit your application describing the accommodation you request and the reasons for it. Please also include a signed letter from your physician verifying the need for the accommodation requested.

Paseo Chapala LLC and the City of Santa Barbara are committed to providing equal housing opportunity for all people regardless of race, color, gender, religion, national origin, familial status, or disability. If you believe you have been a victim of discrimination, contact the U.S. Dept. of Housing and Urban Development's Fair Housing Hotline (800-669-9777).

